

BEST PRACTICES FOR WATER QUALITY TRADING

JOINT REGIONAL AGREEMENT

1.5.1. Adopting and modifying best management practices for use in trading programs

This section describes elements of a general process for receiving and processing requests to adopt new Best Management Practices (BMPs) or modify existing BMPs for trading. The general architecture of a process for adopting new or modifying existing BMPs includes pre-proposal, practice review, and approval phases.

1.5.1 Adopting and modifying best management practices for use in trading programs

Commentary: Not all BMPs are appropriate for generating credits, it's important to develop a system that is able evaluate and incorporate those BMPs that are effective in improving water quality and can be reliably quantified into credits. The scale of BMP review approval will vary. In some states, BMP eligibility for trading will likely be determined at the TMDL or NPDES level. In others, pre-approved BMPs or Trading Frameworks/Guidance Documents will be approved sanctioned? for use at the statewide level. A tiered approach may involve BMPs being approved for eligibility at the statewide level where select BMPs from the state list are incorporated for use in TMDLs or NPDES permits based on applicability. The BMP review process outlined above should accommodate multiple scales of review.

Areas for Additional Investigation

- Further discussion is needed on the appropriate scale of BMP approval.

1.5.1a Pre-proposal

Commentary: A water quality trading program may receive numerous requests to evaluate specific BMPs for inclusion in the program. A pre-proposal phase allows agencies to provide practice proponents with guidance early on, weed out inappropriate proposals, and prioritize requests so that most effective BMPs are identified and supported for use.

States should provide clear guidance on the information that must be provided for pre-proposal submissions. Requiring more information early on will give reviewers a better understanding of the

Commented [mb1]: Dynamic free-market trading should not need BMPs identified in a TMDL or permit each time. Permits and TMDLs should authorize trading and leave the details to specific watershed trading frameworks or pre approved BMPs lists that identify what watershed they can be used in. The only time a high level of detail would be needed in an NPDES permit is if the project is an offset for a new discharger, such as City of Bosie's Dixie Drain project. Or someone who is a new discharger and under anti deg will have to ffose their entry of discharge into a water under a states anti-degradation rules or guidance.

Commented [mb2]: I don't like the wording of this, but don't have anything concrete to offer differently yet.

Commented [mb3]: Who approves? The state WQ agency? Another state agency? EPA?

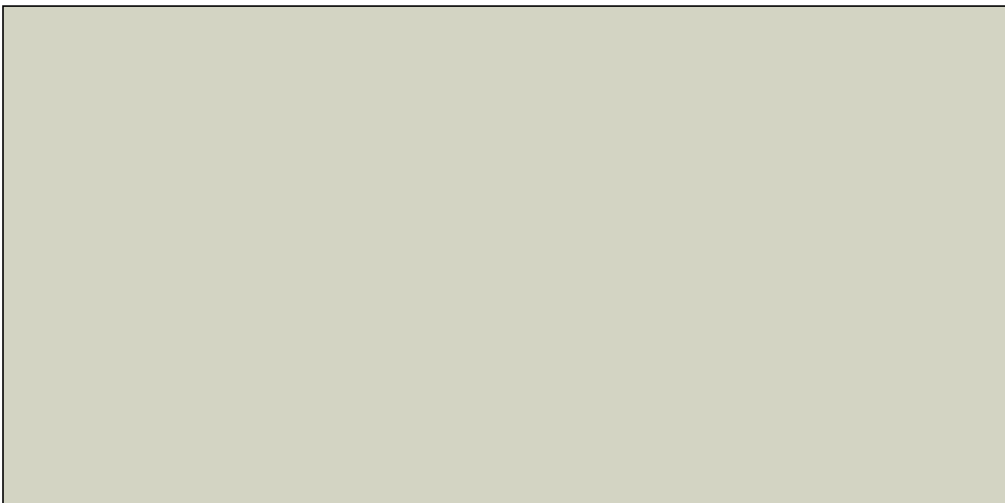
Commented [mb4]: I think what is needed is concurrence, not necessarily approval in all cases, but by whom?

proposed practice and may ensure that practice proponents are committed to the process. However, more information also increases the risk, time and resources a BMP proponent must invest for a pre-proposal, reducing the benefit of the phase for a BMP proponent.

Areas for Additional Investigation

- Determine whether there is a need to define or limit those who may submit a pre-proposal.
- Define information required in a pre-proposal submission.
- Determine whether to establish a prioritization for BMP review or review BMPs sequentially based on submission date.

1.5.1b Practice Review

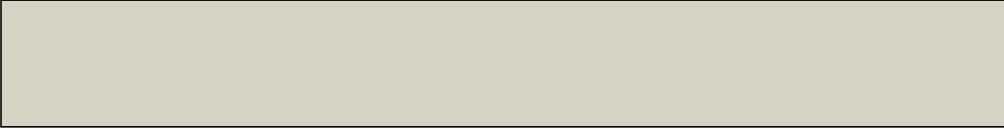


Commentary: The approval or modification of a BMP for trading will involve significant work to develop definitions, quantification metrics, and monitoring frameworks. This information will also need to be reviewed and evaluated by relevant experts. Guidance for the BMP adoption process should define who these experts are, how they are chosen, who develops the review submission, and expectations for review submissions. In some states, review and technical analysis may be conducted internally, while in others, stakeholders and outside experts will play a role in both the review and technical analysis. Clear expectations should help reduce costs and confusion while increasing the overall pace towards approval.

Areas for Additional Investigation

- Investigate options for standards to govern the quality of data submitted for review.
- Further discussion on how many experts should be included in a review and how experts are chosen. Is there a minimum that should be considered?
- Explore how the BMP package development and review is funded.

1.5.1c Practice Approval



Commentary: none

Areas for Additional Investigation:

- Should public notice and comment period be included in the Draft Best Practice?